



Scoop



March 17, 2000

THE UNIVERSITY OF TEXAS - HOUSTON MEDICAL SCHOOL

Dean's Update

MESSAGE TO MEDICAL SCHOOL EMPLOYEES



Across the country the healthcare delivery and reimbursement system is in great turmoil. The reasons are many, but the negative effects of the Balanced Budget Act, the decline in reimbursement from managed-care companies, and the large number of uninsured individuals in our country are profound. Efforts to make ends meet and restore a balanced budget in this era of managed care are complicated by external changes that affect our ability to collect clinic dollars earned on a timely basis and at a reasonable level. Additionally, we continue to see increasing indigent care demands that we support through our clinical affiliates, Memorial Hermann Hospital and the Harris County Hospital District.

On Monday our institutional leaders met with reporters from the *Houston Chronicle* and *Houston Business Journal* to discuss the Medical School's current financial situation. A \$20 million shortfall in clinical income is anticipated if we don't change our current mode of operations to meet market demands. Before these articles appear in print, we want to share with you what we discussed.

Given that it currently takes approximately \$220 million annually to operate this Medical School and almost half of that comes from our clinical enterprise, there is tremendous stress on our budget and our faculty to meet departmental and School financial needs. We, like every other academic medical center, are actively addressing these serious issues. We have worked hard to anticipate these changes in healthcare and respond appropriately. We began restructuring last year with the consolidation of our clinical reserves.

Working with all of our departmental chairs, we're implementing cost-containment strategies on the clinical side that are being achieved by implementation of the principles of mission-based budgeting and management. To accomplish this cost-containment we have estimated that 200 positions in the Medical School will be affected, including 150 administrative and support positions and 50 faculty positions. This will entail elimination or reduction of positions and programs.

We've invested in a major overhaul of our billing process with the installation of the IDX system. By fully utilizing the capabilities of the IDX technology, we can conduct our billing and collections activities with a smaller work force than exists in the current Physician Business Services (PBS) department. We have determined that the best way to accomplish this is through a Reduction in Force process under the existing rules and policies of the UT-Houston Health Science Center. Further details of this action will be announced in the near future. We are coordinating this process with Health Science Center leadership and have engaged the services of key staff in PeopleWorks to assist individual employees throughout this restructuring with options, opportunities, and support services including comparable open positions within the Health Science Center.

We are also restructuring and consolidating the functions of our departmental business management support structure in order to provide a more efficient operation that is responsive to changes in our medical group practice. A reduced number of director of management operations (DMO) positions will result. Details are still under development. Implementation is targeted to begin in May.

No one knows more than I that change can be painful. However, it is an absolutely necessary process in order to maintain the viability of our School. *Scoop* will keep you posted in the coming year through my updates such as this as well as the new monthly column, *UCP Update* (see back of this issue). In addition, there will be *Future Focus* columns designed to address positive outcomes and success stories that are already being seen through new programs and strategies on all fronts - education, research, patient care, and community outreach. During recent months we have been actively addressing these issues in various forums including today's town hall meeting in 3.001 as well as meetings of employee groups including the PBS staff, departmental management operations staff, Faculty Senate, and Administrative Council. We will continue to do so. I am confident that with our leadership team and the strategies in place, we can be a stronger institution in the long run for the changes made today. (*Editor's Note: this update was distributed electronically to all employees on Tuesday, March 14. Coverage of the story can be found in the Houston Chronicle's March 16 issue (p. 1C) and is scheduled to appear in the Houston Business Journal today, March 17.*)

THE UNIVERSITY OF TEXAS-HOUSTON
HEALTH SCIENCE CENTER



Medical School

L. Maximilian Buja, M.D., Dean
Bryant Boutwell, Dr.P.H., Assistant Dean for
Community Affairs and Public Education
e-mail: scoop@dean.med.uth.tmc.edu
FAX: (713) 500-0597

E-Scoop online: <http://www.med.uth.tmc.edu>

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UNIVERSITY CARE PLUS UPDATE

Affiliated with the Practice Plan of The University of Texas-Houston Medical School

UCP Is Marketing to Wholesale and Retail Audiences



Paul P. Cooper III

“Because the majority of the funding for the Medical School’s overall operations comes from the clinical practice plan, it is essential that we be financially successful in supporting the school and its mission,” explains Paul P. Cooper III, President and CEO of University Care Plus (UCP).

To be part of the competitive marketplace, UCP, the managed-care arm of the UT-Houston clinical enterprise as well as its marketing agent, is designing a strategic plan. “Marketing a large group practice is intricate because we must communicate our message to both wholesale and retail audiences,” says Cooper, who has managed both HMOs and physician practices. “The wholesale is contracting with businesses and corporations, PPOs and HMOs. The physician-to-physician aspect of this communication is critically important in making these contracts work, because we are first and foremost a tertiary referral center.”

The retail side is striving to get the message to the general public, primarily the female in the household. “Since the mother and children in a family see a health-care provider four times more often than the father, the adult female in the family is the most highly leveraged for marketing purposes,” observes Cooper, who worked for Prudential and was the first marketing director in Houston for PruCare and enrolled the first member in the first HMO here. He was also vice president for Health Care Policy for Prudential during the 1991-1992 national health care debate. From 1995-98, he was CEO of United HealthCare’s Houston Health Plan.

Whether the marketing is wholesale or retail, it is important to capitalize on those competencies that make UT-Houston unique, like organ transplantation, pediatric surgery and cardiovascular surgery, as well as promoting the primary care physicians. “We want to be the physicians the public wants, whether their health condition is serious or they just need an annual checkup,” says Cooper, who received his BA degree from Rice University (’68) followed by graduate work at Tulane University. He has served on the Board of Directors with the Washington Business Group on Health.

“There is an opportunity for UCP to increase its patient population in the managed care contracts it already has, which represents a large majority of the privately covered population. This will require that we have the kind of clinics people want to take their families to. This goal immediately generates challenges because it dictates that we provide the same customer service that any other physician practice in town does,” he says. For today’s customer, clinics must be friendly, attractive and have conveniences like easy parking. The group practice, Cooper emphasizes, must have a fundamental goal that seeing UT doctors is as pleasant as possible in terms of telephone service, waiting time and the appointment itself. Equally important is providing assistance to the customer in working through the complexities of a health claim, which must be sent through efficiently.

After looking at its geographical outreach, UCP opened a Galleria-area clinic, which has both primary and specialty care with clinicians from the departments of Family Practice, Obstetrics and Gynecology, and Dermatology. The research showed several specialists in the Galleria area but very few primary care physicians. Because of the emerging success of this clinic, it has become a model for what UCP wants to do in the community.

Cooper believes there are two critical keys to the success of a clinic: the first is the importance of the front desk, which begins when the customer calls for an appointment. “We must make sure that the sequence of events that results in the patient being seen, the bill being generated and paid promptly all happens in an orderly fashion and with a reasonable investment of resources,” he comments.

The second key to success is the critical connection between the front desk and the billing system. “The PBS made a major purchase in the IDX System, but we are not leveraging all the capabilities. We can do more to streamline our business with this system. That is why there have been three town hall meetings to date to discuss PBS restructuring issues,” he says.

Every medical practice in town, Cooper notes, is having the same challenges and needs the same marketplace assets: more business acumen, more discipline and strategic competence. “To manage the system perfectly is a goal worth striving for; however, to continuously improve is a good recipe for success.”

- by N. Shire